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# AMERICAN-JAPANESE TRADE AND TREATY ABROGATION

An Economic Analysis of  
The Possible Effects of the Abrogation of  
The American-Japanese Treaty of 1911  
Upon American-Japanese Trade

Special Report  
To Its Members by  
THE JAPANESE CHAMBER OF COMMERCE  
San Francisco

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1939

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Special Report  
To Its Members by  
The Japanese Chamber of Commerce  
San Francisco

November, 1939

## American-Japanese Trade and Treaty Abrogation

### I. INTRODUCTION

The United States' entrance into the field of commerce of the Orient is generally attributed by historians to her desire to avoid the turbulent waters of the Atlantic and to seek lucrative trade elsewhere in a more congenial atmosphere, and to her zeal to carry the gospel of the Nazarene into backward sections of the globe. To borrow the fitting language of Townsend Harris, in his case the first American Consul-General and Minister to Japan, America went to the Far East in order to bestow "the blessings of Christianity and Western civilization" upon the Flowery Kingdom.

Since then, each successive international disaster in Europe became a new impetus to the increasing importance of the Far East in American trade, particularly of Japan. The present dark and hectic European situation again will not be conducive to the normal growth of trade across the Atlantic. With the present status of South American or African industries trans-Pacific commerce will receive temporarily, at least, its usual stimulus which undoubtedly will show itself in the trade figures between America and Japan.

In these abnormal times when business and sentiment are woefully confused and confounded, nothing is more important than unadulterated facts—facts as they really are—for our clear thinking and guidance. The notice of Secretary Cordell Hull of the termination of the American-Japanese Treaty of Commerce and Navigation of 1911 for a moment caused a flurry of comments and speculation as to its background. While there is nothing unusual in the language of the illustrious Secretary, the business world began to focus its attention upon the trade figures between these two nations.

Unfortunately these figures are scattered and none too well organized. In presenting this short resume of the findings relative to the importance of the American-Japanese trade, we have no desire to participate in speculation as to whether the notification, above referred to, had any international import or was an expression of domestic politics. The Chamber feels that its object has been more than attained if it can offer to its members a few salient and relevant facts and facts only for their own reference and consideration in an accessible manner.



## II. MAGNITUDE OF JAPAN'S TRADE WITH AMERICA

### A. Japan Third Best Customer of United States.

Accepting the criterion that a customer nation is important, according to the amount it purchases from another, the United Kingdom undoubtedly is the most important country to the United States followed by Canada with whom she embraces three thousand miles of peaceful common boundaries. However, it is Japan which has enjoyed eighty-five years of unbroken and amicable friendship with this country that occupies the third place in importance in her trade.

The Chamber of Commerce of the United States gives the same situation in the following graphic manner:

#### FOREIGN TRADE OF THE UNITED STATES, 1938

| IMPORTS              |       | EXPORTS              |       |
|----------------------|-------|----------------------|-------|
| Canada .....         | 14.0% | United Kingdom ..... | 19.0% |
| United Kingdom ..... | 7.4%  | Canada .....         | 14.2% |
| Japan .....          | 7.4%  | Japan .....          | 8.9%  |
| British Malaya ..... | 6.3%  | France .....         | 5.1%  |
| Cuba .....           | 5.5%  | Germany .....        | 4.0%  |
| Brazil .....         | 4.9%  | Italy .....          | 3.2%  |
| Philippines .....    | 4.8%  | Mexico .....         | 2.9%  |
| Germany .....        | 3.8%  | Cuba .....           | 2.6%  |
| India .....          | 3.2%  | Belgium .....        | 2.6%  |
| Argentina .....      | 3.1%  | Australia .....      | 2.5%  |
| All others .....     | 39.6% | All others .....     | 35.0% |

Looking at the same question from the viewpoints of these foreign nations, the importance of the United States looms large though in varying degrees. The following figures taken from the Commerce Year Book 1938 are based on the statistics of these countries and are naturally somewhat at variance with those we shall quote presently from American sources. All the more do they, therefore, indicate exactly the relative importance of the United States with these several nations.

#### TRADE OF LEADING COUNTRIES WITH THE UNITED STATES\*

(Percentage of their Trade in Brackets)

| Rank | Country        | Export to U.S.<br>(In \$1,000) |                   |                   | Import from U.S.<br>(In \$1,000) |                   |                   |
|------|----------------|--------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|      |                | 1935                           | 1936              | 1937              | 1935                             | 1936              | 1937              |
| 1.   | United Kingdom | 147,636<br>(6.3)               | 182,798<br>(7.3)  | 207,386<br>(7.1)  | 429,013<br>(11.6)                | 463,422<br>(11.0) | 564,847<br>(11.1) |
| 2.   | Canada         | 251,285<br>(35.2)              | 327,646<br>(35.2) | 352,599<br>(35.7) | 308,509<br>(56.6)                | 368,127<br>(58.2) | 489,997<br>(60.6) |
| 3.   | Japan          | 156,166<br>(21.8)              | 175,818<br>(22.5) | 188,090<br>(20.6) | 232,507<br>(33.0)                | 246,062<br>(30.7) | 365,502<br>(33.6) |
| 4.   | France         | 47,400<br>(4.6)                | 52,686<br>(5.7)   | 61,326<br>(6.4)   | 118,031<br>(8.5)                 | 151,123<br>(9.9)  | 160,713<br>(9.5)  |
| 5.   | Germany        | 68,237<br>(4.0)                | 69,311<br>(3.6)   | 84,237<br>(3.5)   | 96,901<br>(5.8)                  | 93,581<br>(5.5)   | 113,506<br>(5.2)  |

\*Foreign Commerce Year Book, 1938

Bureau of Foreign Trade and Domestic Commerce, P. 428.

### B. Japan's Purchase Equals that of Entire South America.

Japan's population of 70 million (or 99 million with the colonies) is approximately the same as the total of all the South American countries which claim about 80 million. Her purchases of 1935-1938 from this country certainly compare favorably with the total takings of all South American Republics and colonies.

| U. S. Sales to         | 1935        | 1936        | 1937        | 1938        |
|------------------------|-------------|-------------|-------------|-------------|
| Japan* .....           | 207,471,000 | 207,890,000 | 304,626,000 | 256,625,000 |
| All South America..... | 174,341,000 | 204,222,000 | 318,354,000 | 299,711,000 |

\*Including Kwantung.

### C. Japan's Purchase More Than Half of Asia's

Japan's early trade with the United States was largely one of supplying raw materials while America was Japan's rich market. That situation continued up to 1931 when the position began to be reversed; then Japan, alone of all Asiatic countries, came to assume a similar role as has Europe in her commercial relations with the United States. Japan began to buy more from this country than the latter bought from Japan, while all others of Asia still remained as the suppliers of America's raw materials.

Thus in 1937, Japan's purchases from the United States of \$304,626,000 was 53% of the total \$579,971,000 purchased by all Asiatic countries including China, Hongkong, Siam, Philippine Islands, French Indo-China, Netherlands Indies, British Malaya, Ceylon, British India and others. Such has been the approximate proportion for the last five years.

#### EXPORTS (INCLUDING RE-EXPORTS) OF THE U.S.\*

(in thousands of dollars)

|               | 1933             | 1934             | 1935             | 1936             | 1937             |
|---------------|------------------|------------------|------------------|------------------|------------------|
| Asia .....    | 292,030          | 401,210          | 377,940          | 398,885          | 579,971          |
| Japan** ..... | 146,126<br>(50%) | 214,418<br>(53%) | 207,471<br>(55%) | 207,890<br>(52%) | 304,626<br>(53%) |

\*Statistical Abstract of the United States, 1938, pp. 464 and 456—for the years 1933-1937.

\*\*Including Kwantung.

**JAPAN TRADE WITH THE UNITED STATES BY  
PRINCIPAL COMMODITIES\***

| Commodity                   | Value (thousands of dollars) |         |         |         |
|-----------------------------|------------------------------|---------|---------|---------|
|                             | 1934                         | 1935    | 1936    | 1937**  |
| <b>IMPORTS FROM U.S.</b>    | 228,663                      | 232,507 | 246,062 | 365,502 |
| Cotton, raw                 | 119,134                      | 106,775 | 108,082 | 88,142  |
| Mineral oils                | 20,719                       | 26,776  | 31,733  | 23,343  |
| Iron and steel, heavy       | 20,195                       | 25,609  | 22,756  | 42,540  |
| Old and scrap               | 13,550                       | 18,771  | 16,431  | .....   |
| Machinery                   | 11,258                       | 12,082  | 12,186  | 12,944  |
| Automobiles and parts       | 9,374                        | 8,971   | 10,137  | 8,019   |
| Wood                        | 6,230                        | 8,103   | 9,341   | 8,652   |
| Copper, crude               | 7,767                        | 10,291  | 9,267   | 14,224  |
| Wood pulp                   | 4,850                        | 6,549   | 9,217   | .....   |
| Chemicals, related products | 4,286                        | 5,639   | 8,440   | .....   |
| Tobacco leaf                | 1,421                        | 1,780   | 2,146   | .....   |
| Muriate of potash           | 785                          | 1,590   | 2,126   | .....   |
| Paints and varnishes        | 1,170                        | 1,305   | 1,817   | .....   |
| Phosphate rock              | 1,188                        | 1,297   | 1,596   | .....   |
| Postal parcels              | 971                          | 714     | 1,442   | .....   |
| Cars and chassis            | 1,192                        | 1,135   | 1,400   | .....   |
| Rosin                       | 848                          | 1,152   | 1,285   | .....   |
| Hides and skins             | 1,866                        | 1,922   | 1,153   | 2,703   |

\*Foreign Commerce Yearbook, 1936, p. 335.

**JAPAN TRADE WITH THE UNITED STATES BY  
PRINCIPAL COMMODITIES\***

| Commodity                | Value (thousands of dollars) |         |         |         |
|--------------------------|------------------------------|---------|---------|---------|
|                          | 1934                         | 1935    | 1936    | 1937**  |
| <b>EXPORTS TO U.S.</b>   | 120,185                      | 156,166 | 175,818 | 188,090 |
| Silk, raw                | 72,618                       | 94,419  | 96,919  | 93,658  |
| Vegetable oils           | 2,682                        | 7,942   | 9,435   | 5,459   |
| Foods, canned or bottled | 3,569                        | 5,103   | 4,803   | 6,824   |
| Cotton piece goods       | 875                          | 2,619   | 4,611   | 7,107   |
| Pottery                  | 4,269                        | 4,565   | 4,507   | 5,604   |
| Textile fabrics, other   | 2,822                        | 4,320   | 4,350   | .....   |
| Perilla oil              | 1,098                        | 2,873   | 4,313   | .....   |
| Toys                     | 2,868                        | 3,629   | 3,973   | 4,758   |
| Tableware                | 4,120                        | 3,709   | 3,608   | .....   |
| Rags                     | 1,438                        | 2,165   | 2,822   | .....   |
| Colza oil                | 1,172                        | 2,837   | 2,728   | .....   |
| Crabs, canned            | 1,741                        | 2,977   | 2,455   | .....   |
| Floor coverings          | 1,307                        | 1,796   | 2,344   | .....   |
| Silk piece goods         | 1,613                        | 2,011   | 2,190   | 3,321   |
| Knit goods               | 462                          | 1,131   | 1,969   | 1,972   |
| Postal parcels           | 1,370                        | 1,832   | 1,764   | .....   |
| Metal manufactures       | 1,057                        | 1,346   | 1,640   | .....   |
| Tea                      | 1,385                        | 1,299   | 1,624   | 2,250   |
| Cotton waste             | 376                          | 1,269   | 1,523   | .....   |
| Hats and caps            | 1,344                        | 1,003   | 1,519   | 2,442   |
| Fish meal                | 1,811                        | 663     | 1,460   | .....   |
| Lamps and parts          | 948                          | 874     | 1,431   | 1,220   |
| Silk kimonos             | 943                          | 1,054   | 1,131   | .....   |
| Hat braids               | 1,470                        | 535     | 1,043   | 1,376   |

\*Foreign Commerce Yearbook, 1938, p. 335.

\*\*Data for imports of mineral oils, metals, and automobiles are for the first 7 months only.

Note: Commodities listed in order of importance (value in \$) according to figures for the year 1936, of only those amounted to over a million dollars in that year.

**PRINCIPAL EXPORT COMMODITIES IN TRADE OF THE UNITED  
STATES WITH JAPAN, INCLUDING TAIWAN AND CHOSŌN**

Seven Months Ending July

| Commodity   | Quantity      |         | Value (\$1,000) |         |
|---|---------------|---------|-----------------|---------|
|   | 1938          | 1939    | 1938            | 1939    |
| <b>EXPORTS, INCLUDING RE-EXPORTS,</b>                           |               |         |                 |         |
| <b>TOTAL</b>  |               |         | 139,037         | 123,587 |
| Cattle hides  | 1,000 lbs.    | 14,320  | 11,074          | 1,481   |
| Tobacco, Leaf   | "             | 698     | 30              | 289     |
| Raw Cotton  | 1,000 bales   | 571     | 407             | 29,743  |
| Logs and hewn timber:   |               |         |                 |         |
| Douglas fir   | M. ft.        | 4,311   | 5,016           | 53      |
| Hemlock   | "             | 1,894   | 3,006           | 21      |
| Cedar, western red  | "             | 803     | 624             | 15      |
| Douglas fir, sawn   | "             | 23,959  | 24,977          | 384     |
| Douglas fir boards, planks, etc.                                | "             | 2,494   | 370             | 55      |
| Hemlock boards, planks, etc.                                    | "             | .....   | .....           | .....   |
| Wood Pulp   | tons 2/       | 30,422  | 7,236           | 2,275   |
| Petroleum and products, total                                   |               |         | 31,866          | 24,642  |
| Crude petroleum   | 1,000 bbl.    | 15,033  | 9,312           | 20,991  |
| Gasoline  | "             | 546     | 509             | 3,074   |
| Kerosene  | "             | 1/      | 20              | 1/      |
| Gas and fuel oil  | "             | 3,080   | 3,236           | 3,963   |
| Residual fuel oil   | "             | 1,399   | 2,391           | 1,274   |
| Lubricating oil   | "             | 156     | 217             | 1,411   |
| Pig iron  | 1,000 tons 3/ | 163     | 10              | 2,648   |
| Iron and steel scrap  | 1,000 tons 4/ | 837     | 1,161           | 13,841  |
| Steel ingots, blooms, billets, slabs, etc. not containing alloy | 1,000 tons 3/ | 76      | 44              | 2,555   |
| Wire rods   | 1,000 lbs.    | 24,052  | 3,996           | 551     |
| Steel sheets, black   | "             | 3,245   | 303             | 325     |
| Iron and steel plates   | "             | 19,885  | 1,429           | 485     |
| Tinplate, tagger's tin and terneplate                           | "             | 28,669  | 56              | 1,649   |
| Copper, refined   | "             | 98,934  | 132,385         | 9,501   |
| Copper, old and scrap   | "             | 915     | 5,128           | 81      |
| Power-driven metal working machinery                            |               |         | 13,722          | 15,963  |
| Automobiles, parts and accessories, total                       |               |         | 6,386           | 4,581   |
| Passenger cars and chassis                                      | no.           | 1,520   | 462             | 641     |
| Motor trucks, busses, etc.                                      | no.           | 3,615   | 2,106           | 1,299   |
| Automobile parts for assembly                                   |               |         | 2,416           | 1,846   |
| Automobile engines  | no.           | 5,481   | 4,240           | 637     |
| Aircraft and parts  |               |         | 6,611           | 2,170   |
| Borax   | 1,000 lbs.    | 6,383   | 3,365           | 119     |
| Carbon black or gas black                                       | "             | 5,841   | 6,194           | 276     |
| Phosphate rock  | tons          | 123,742 | 136,409         | 520     |
| Potassic fertilizer materials                                   | tons          | 26,353  | 44,331          | 1,042   |

\*Source: The Division of Business Review and Far Eastern Section of Division of Regional Information, Dept. of Commerce, Washington, D. C.

1/ Less than 1,000.

2/ Tons of 2,000 pounds air-dry weight.

3/ Tons of 2,240 pounds.

4/ Including tin plate scrap and waste-waste tinplate.



PRINCIPAL IMPORT COMMODITIES IN TRADE OF THE UNITED STATES WITH JAPAN, INCLUDING TAIWAN AND CHIOSEN\*

Seven Months Ending July

| Commodity  | Quantity |         | Value (\$1,000) |        |
|--|----------|---------|-----------------|--------|
|  | 1938     | 1939    | 1938            | 1939   |
| GENERAL IMPORTS.....                               | .....    | .....   | 67,127          | 70,171 |
| IMPORTS FOR CONSUMPTION, Total.....                | .....    | .....   | 70,083          | 71,258 |
| Tuna fish, canned, in oil.....1,000 lbs.           | 2,765    | 4,081   | 544             | 677    |
| Crabmeat, sauce, and paste....."                   | 3,121    | 4,006   | 1,201           | 1,488  |
| Coney and rabbit furs, undressed.....thousands     | 3        | .....   | 1               | .....  |
| Mink furs, undressed.....thousands                 | 481      | 598     | 601             | 788    |
| Bristles, sorted and prepared.....1,000 lbs.       | 70       | 92      | 223             | 258    |
| Tea.....1,000 lbs.                                 | 5,853    | 8,062   | 736             | 964    |
| Rubber-soled footwear with fabric uppers.....pairs | 489,847  | 433,723 | 108             | 80     |
| Pyrethrum flowers.....1,000 lbs.                   | 5,441    | 2,730   | 773             | 543    |
| Perilla oil....."                                  | 10,354   | 7,848   | 619             | 277    |
| Cotton cloth, bleached.....1,000 sq. yds.          | 12,506   | 33,191  | 590             | 1,240  |
| Cotton cloth, unbleached....."                     | 8        | .....   | 1               | .....  |
| Cotton floor coverings....."                       | 3,922    | 5,401   | 488             | 660    |
| Cotton rags.....1,000 lbs.                         | 9,604    | 5,518   | 606             | 366    |
| Hat Braids.....1,000 yds.                          | 506,713  | 543,936 | 833             | 693    |
| Raw silk.....1,000 lbs.                            | 26,239   | 21,908  | 42,490          | 44,684 |
| Hats, bonnets and hoods.....thousands              | 4,049    | 4,461   | 701             | 811    |
| Silk fabrics, except pile.....                     | .....    | .....   | 1,449           | 1,041  |
| Tissue and similar paper.....1,000 lbs.            | 340      | 315     | 257             | 197    |
| China and porcelain table and kitchen ware.....    | .....    | .....   | 1,050           | 1,062  |
| Earthen and stoneware.....                         | .....    | .....   | 472             | 457    |
| Slide fasteners (zippers).....thousands            | 25,166   | 15,846  | 456             | 306    |
| Electric lamps....."                               | 25,611   | 36,282  | 176             | 290    |
| Menthol.....1,000 lbs.                             | 257      | 115     | 614             | 272    |
| Camphor, crude....."                               | 513      | 444     | 159             | 124    |
| Camphor, refined....."                             | 443      | 465     | 212             | 193    |
| Dolls and parts.....                               | .....    | .....   | 81              | 61     |
| Other toys.....                                    | .....    | .....   | 373             | 368    |
| Brushes.....thousands                              | 28,776   | 28,811  | 241             | 190    |

\*Source: The Division of Business Review and Far Eastern Section of Division of Regional Information, Dept. of Commerce, Washington, D. C.

D. May Affect \$41,500,000 More a Month.

The San Francisco Chronicle of July 28, 1939, approaches the possible economic consequences of the American-Japanese Treaty Abrogation from even a broader aspect. "Besides the trade with Japan, there were other trades that stood in likelihood of considerable alteration.

1. "Trade with China has been almost entirely with that area now under control of Japan's armed forces. The United States has been exporting nearly \$5,000,000 worth of goods monthly to that country this year, and taking about the same values of imports from China.

PRINCIPAL COMMODITIES IN TRADE OF THE UNITED STATES WITH CHINA

Seven Months Ending July

| Commodity  | Quantity |        | Value (\$1,000) |        |
|--|----------|--------|-----------------|--------|
|  | 1938     | 1939   | 1938            | 1939   |
| EXPORTS, INCLUDING RE-EXPORTS.....                               | .....    | .....  | .....           | .....  |
| TOTAL.....   | .....    | .....  | 24,219          | 29,414 |
| Wheat flour.....1,000 bbls.                                      | 85       | 1,238  | 344             | 2,837  |
| Tobacco leaf.....1,000 lb.                                       | 22,357   | 27,371 | 2,966           | 4,079  |
| Cigarettes.....thousands   | 23,360   | 52,568 | 65              | 129    |
| Raw Cotton.....1,000 bales                                       | 23       | 65,218 | 1,137           | 3,028  |
| Douglas fir.....M.ft.  | 27,240   | 50,454 | 416             | 645    |
| Printing paper.....1,000 lb.                                     | 2,238    | 9,088  | 127             | 238    |
| Overissue and old newspapers....."                               | 16,523   | 27,277 | 103             | 153    |
| Petroleum and products, total.....                               | .....    | .....  | 899             | 1,558  |
| Kerosene.....1,000 bbl.  | 19       | 124    | 38              | 233    |
| Gas oil and distillate fuel oil....."                            | 326      | 255    | 426             | 354    |
| Gasoline....."   | 9        | 64     | 27              | 121    |
| Lubricating oil....."  | 39       | 84     | 232             | 519    |
| Iron and steel scrap.....tons                                    | 3,994    | 15,149 | 67              | 359    |
| Tin plate and taggers' tin.....1,000 lb.                         | 4,259    | 5,165  | 256             | 250    |
| Steel sheets, black....."  | 2,295    | 3,294  | 81              | 103    |
| Copper wire....."  | 1,898    | 226    | 206             | 27     |
| Automobiles, parts and acc.....total                             | .....    | .....  | 2,961           | 3,498  |
| Motor trucks, busses, chassis.....No.                            | 3,448    | 3,332  | 2,002           | 2,745  |
| Passenger cars and chassis.....No.                               | 857      | 477    | 571             | 350    |
| Aircraft and parts.....  | .....    | .....  | 5,977           | 228    |
| Coal tar colors (aniline dyes).....1,000 lb.                     | 1,579    | 1,859  | 331             | 438    |
| GENERAL IMPORTS.....TOTAL.....                                   | .....    | .....  | 25,455          | 29,975 |
| IMPORTS FOR CONSUMPTION.....TOTAL.....                           | .....    | .....  | 25,418          | 29,742 |
| Sausage casings.....1,000 lb.                                    | 371      | 413    | 387             | 446    |
| Eggs, other than in shell....."                                  | 1,018    | 590    | 251             | 175    |
| Goat and kid skins.....1,000 pieces                              | 568      | 1,136  | 234             | 445    |
| Bristles.....1,000 lb.   | 1,388    | 2,173  | 2,584           | 3,154  |
| Undressed furs:  | .....    | .....  | .....           | .....  |
| Kolinski.....thousands   | 270      | 352    | 523             | 679    |
| Lamb, kid, sheep and goat....."                                  | 702      | 1,412  | 571             | 1,122  |
| Weasel....."   | 801      | 1,527  | 780             | 1,465  |
| Cottonseed oil.....1,000 lb.                                     | .....    | 1,716  | .....           | 55     |
| Peanut oil....."   | 255      | 2,448  | 26              | 89     |
| Tea....."  | 3,815    | 1,310  | 441             | 186    |
| Sesame seed....."  | 1,540    | 1,868  | 65              | 63     |
| Tung oil....."   | 58,229   | 39,774 | 6,534           | 5,427  |
| Raw cotton....."   | 6,595    | 631    | 634             | 54     |
| Carpet Wool....."  | 1,280    | 1,391  | 340             | 231    |
| Waste silk....."   | 525      | 1,177  | 132             | 367    |
| Raw silk....."   | 204      | 1,606  | 260             | 2,873  |
| Handkerchiefs of vegetable fibre other than cotton.....thousands | 14,627   | 15,698 | 1,304           | 1,107  |
| Articles or fabrics embroidered, appliqued, etc.....             | .....    | .....  | 675             | 775    |
| Hats of straw, paper, grass.....thousands                        | 3,156    | 3,010  | 801             | 649    |
| Antimony (content).....1,000 lb.                                 | 639      | 939    | 55              | 74     |
| Tungsten ore and concentrates....."                              | 421      | 117    | 336             | 84     |
| Tin in bars, pigs, blocks....."                                  | 2,726    | 3,402  | 1,070           | 1,381  |

2. "Hongkong trade has been largely for supply of the Chinese area nearby. That area too is in Japanese control. Exports to Hongkong totaled nearly \$9,000,000 in the first five months of

this year, and a little more than that figure in the 1938 period. Imports from that British outpost were only about one-fifth of the exports.

PRINCIPAL COMMODITIES IN TRADE OF THE UNITED STATES  
WITH KWANTUNG\*  
Seven Months Ending July

| Commodity   | Quantity |        | Value (\$1,000) |        |
|---|----------|--------|-----------------|--------|
|   | 1938     | 1939   | 1938            | 1939   |
| EXPORTS, INCLUDING RE-EXPORTS,  |          |        |                 |        |
| TOTAL   |          |        | 12,433          | 10,058 |
| Tobacco, leaf.....1,000 lb.   | 1,733    |        | 197             |        |
| Raw cotton.....bales  | 28,158   | 657    | 1,439           | 32     |
| Petroleum and products, total.....  |          |        | 1,942           | 2,673  |
| Gasoline.....1,000 bbl.   | 319      | 402    | 939             | 934    |
| Crude Petroleum....."   | 347      | 638    | 518             | 935    |
| Kerosene....."  | 142      | 212    | 258             | 354    |
| Gas oil and fuel oil....."  |          | 39     |                 | 51     |
| Lubricating oil....."   | 24       | 26     | 167             | 286    |
| Tinplate and taggers' tin....."   | 2,846    | 327    | 145             | 14     |
| Refined copper, ingots, bars, etc.....                                    | 2,265    | 3,316  | 227             | 364    |
| Steel bars, not containing alloy.....1,000 lb.                            | 40,963   | 3,660  | 905             | 85     |
| Iron and steel plates, not fabricated, not containing alloy.....1,000 lb. | 74,696   | 47,549 | 1,543           | 847    |
| Structural shapes, fabricated and not fabricated.....tons                 | 13,647   | 349    | 664             | 13     |
| Railway track rails.....tons  | 15,559   |        | 678             |        |
| Automobiles, including parts and accessories                              |          |        | 1,612           | 538    |
| GENERAL IMPORTS.....TOTAL   |          |        |                 |        |
| Imports for consumption.....total   |          |        | 693             | 1,050  |
| Soybeans oil cake and oilcake meal.....1,000 lb.                          | 4,029    | 8,724  | 51              | 109    |
| Castor beans....."  |          |        |                 |        |
| Hempseed....."  | 175      | 1,265  | 4               | 22     |
| Perilla oil....."   | 5,815    | 17,621 | 320             | 721    |
| Soybeans oil....."  | 2,302    | 674    | 89              | 18     |
| All others....."  |          |        | 229             | 180    |

PRINCIPAL COMMODITIES IN TRADE OF THE UNITED STATES  
WITH HONG KONG\*  
Seven Months Ending July

| Commodity  | Quantity |         | Value (\$1,000) |        |
|--|----------|---------|-----------------|--------|
|  | 1938     | 1939    | 1938            | 1939   |
| EXPORTS, INCLUDING RE-EXPORTS,                           |          |         |                 |        |
| TOTAL  |          |         | 13,349          | 12,530 |
| Wheat flour.....bbl.                                     | 108,424  | 366,941 | 425             | 867    |
| Ginseng.....1,000 lb.                                    | 69       | 84      | 330             | 342    |
| Petroleum and products, total.....                       |          |         | 1,085           | 777    |
| Gasoline.....1,000 bbl.                                  | 66       | 62      | 370             | 130    |
| Kerosene....."   | 51       | 55      | 104             | 91     |
| Gas oil, distillate fuel oil and residual fuel oil....." | 168      | 254     | 220             | 309    |
| Lubricating oils....."                                   | 28       | 11      | 244             | 88     |
| Tinplate and taggers' tin.....1,000 lb.                  | 3,794    | 6,077   | 174             | 261    |
| Galvanized wire....."                                    | 5,983    | 1,979   | 170             | 40     |
| Rubber-covered wire....."                                | 194      | 4       | 83              | 1      |
| Refined copper in ingots, bar or other forms....."       | 5,674    | 1/      | 554             | 1/     |
| Automobiles, parts and accessories, total.....           |          |         | 2,428           | 5,060  |
| Motor Trucks, busses and chassis.....No.                 | 3,090    | 6,219   | 1,869           | 4,167  |
| Passenger cars and chassis.....No.                       | 319      | 487     | 211             | 340    |
| Aircraft, parts and accessories.....                     |          |         | 1,003           | 206    |

|   | Quantity |       | Value (\$1,000) |       |
|---|----------|-------|-----------------|-------|
|   | 1938     | 1939  | 1938            | 1939  |
| GENERAL IMPORTS.....TOTAL                   |          |       | 2,389           | 2,136 |
| IMPORTS FOR CONSUMPTION.....TOTAL           |          |       | 2,381           | 2,118 |
| Animals and animal products, inedible.....  |          |       | 25              | 21    |
| Vegetable food products, and beverages..... |          |       | 315             | 325   |
| Tung oil.....1,000 lb.                      | 4,773    | 6,265 | 516             | 811   |
| Tin bars, blocks, pigs, etc.....1,000 lb.   | 2,145    | 1,333 | 828             | 561   |
| All other.....                              |          |       | 697             | 400   |

3. *Manchoukuo*. "Another trade of some significance is that with Manchoukuo, or with the Japanese in control. It has been largely a military supply business, principally oil, cotton, structural materials, automobiles and trucks.

"All told these trades exceeded \$200,000,000 in the first five months of this year, averaging, in fact, better than \$41,500,000 a month."

### III. NATURE OF AMERICAN-JAPANESE TRADE.

#### A. U.S.-Japan Trade is Complementary.

A comparison of the geographical positions of the United States and Japan, the nature of these countries, their areas and topography, alone, will convince anyone of the vast natural differences in the products of the large continental Republic and the small Island Empire. Those differences, by nature alone, argue as to how they may mutually derive the benefits in such an international trade.

We are informed that in 1934 the United States Tariff Commission made a special study of the extent of the Japanese competition with American products. It was then revealed that out of a total of \$119,-252,000 purchased from Japan that year but \$9,713,756 or 8.1% were "substantially competitive." While the percentage of free goods from Japan is usually about 70%, the average for European free goods is 38.2%; Great Britain 44.6%, France 33.8%, Germany 39.9% and Italy 14.7%.

It is also interesting to note that the commodities involved in recent American-Japanese trade are diversified and are becoming more diversified even at the expense of the percentages (not necessarily net values) of the chief items in this trade of cotton and silk. The following table enumerates the principal commodities in order of their values represented in the returns for 1936.

#### B. Raw Materials Figure Large.

As we have already partly seen, so long as Japan was importing America's goods for the purpose of consumption only, her trade with the United States was no different from that of any other semi-industrial nation. Scantly blessed with natural resources, restricted in their



emigration to many sparsely settled communities of the world, the Japanese have long since decided to industrialize their country by bringing materials from abroad, investing their abundant, willing and capable labor into them and converting them into the goods that find their market in the four corners of the globe. So as soon as their industrial program was set in motion, the nature of American-Japanese trade became considerably modified. Particularly notable is the fact that for some years approximately 50% of Japan's export was raw silk. As industrialization progressed in the Island Empire, America's raw cotton, upon which Japan built her great industry, increased by leaps and bounds until today when she takes more American raw cotton than any other nation barring none.

The following are seasonal exports of American cotton from the United States by country for the past three seasons:\*

#### EXPORTS OF AMERICAN COTTON

(Thousands omitted)

| Country              | 1936-37** |           | 1937-38** |           | (11 mos.)<br>1938-39*** |           |
|----------------------|-----------|-----------|-----------|-----------|-------------------------|-----------|
|                      | Bales     | Value     | Bales     | Value     | Bales                   | Value     |
| United Kingdom ..... | 1,144     | \$ 76,755 | 1,552     | \$ 83,035 | 394                     | \$ 19,825 |
| France .....         | 655       | 44,294    | 716       | 40,414    | 335                     | 17,662    |
| Japan .....          | 1,550     | 106,366   | 691       | 36,640    | 846                     | 42,569    |
| Germany .....        | 650       | 44,875    | 656       | 37,006    | 307                     | 16,161    |
| Italy .....          | 398       | 27,961    | 505       | 27,260    | 261                     | 13,340    |
| Canada .....         | 307       | 21,231    | 246       | 13,182    | 215                     | 10,669    |
| Poland .....         | 174       | 11,984    | 233       | 13,103    | 155                     | 8,244     |
| Belgium .....        | 154       | 10,501    | 190       | 10,674    | 86                      | 4,406     |
| India .....          | 13        | 976       | 141       | 7,857     |                         |           |
| Netherlands .....    | 87        | 6,120     | 117       | 6,792     | 66                      | 3,511     |
| Sweden .....         | 87        | 6,267     | 84        | 4,805     | 90                      | 4,641     |
| Total .....          | 5,219     | \$357,330 | 5,131     | \$280,768 | 2,755                   | \$141,008 |

The following figures cover exports from Californian ports of cotton from California as well as Arizona and New Mexico:

#### COTTON EXPORTS FROM CALIFORNIAN PORTS\*\*\*\*

(in bales)

| Country               | 1935-36          | 1936-37          | 1937-38          | 1938-39          |
|-----------------------|------------------|------------------|------------------|------------------|
| United Kingdom .....  | 39,337<br>(12%)  | 42,623<br>(8%)   | 132,119<br>(22%) | 20,570<br>(5%)   |
| France .....          | 15,575           | 17,634           | 18,135           | 16,691           |
| Germany .....         | 36,956           | 27,248           | 44,859           | 7,390            |
| Other Europe .....    | 990              | 10,338           | 4,341            | 3,198            |
| Japan .....           | 203,814<br>(67%) | 402,478<br>(78%) | 255,362<br>(43%) | 289,764<br>(82%) |
| China .....           | 200              | 1,000            | 8,195            | 7,184            |
| India .....           | 5,882            | 11,753           | 119,298          | 2,100            |
| Other countries ..... | 530              | 840              | 8,348            | 2,243            |
| Total .....           | 303,284          | 513,914          | 590,657          | 349,140          |

\*A cotton season begins on Aug. 1st, terminating on July 31st.

\*\*Department of Commerce Bulletins Nos. 259, 260a, Aug. 22 and 29, 1939.

\*\*\*Department of Commerce Bulletins Vol. 1, Nos. 28 and 29, July 17 and 24, 1939.

\*\*\*\*The California-Arizona Cotton Association Movement Report No. 4, dated October 4, 1939.

#### SOURCES OF U.S. RAW SILK IMPORTS, 1938\*

| Country                   | Weight in<br>1,000 lb | Value in<br>\$1,000 |
|---------------------------|-----------------------|---------------------|
| Japan .....               | 51,300                | 83,600              |
| China .....               | 1,600                 | 2,100               |
| Italy .....               | 2,300                 | 3,000               |
| Total All Countries ..... | 55,000**              | 88,800**            |

\*Department of Commerce, Raw Silk Production and Trade, Special Bulletin No. 637, p. 21.

\*\*Include very small amounts from France and Switzerland.

#### C. American-Japanese Trade Illustrates Division of Labor.

To follow up the case of cotton and silk, for instance, as in the early experiences of older industrial sisters of the West. Japan too, as it is so familiar to our members, went into weaving in which her artisans already excelled. It is phenomenal that she built her greatest industry in cotton, the raw materials 99.9% of which she must import from distant lands. On the other hand Japan exports a vast amount of her silk, varying around 70-80% of American consumption. The shipping of this raw material as we shall presently point out, means much to its profit, further handling, processing or manufacturing in the receiving country. It means the co-ordination of work between the exporter and importer. The American-Japanese trade exemplifies an international division of labor profiting both parties.

#### D. Trade Favorable to the United States.

Such being the case, the more industrialized Japan becomes, the more she must import raw materials from abroad, the product of which she must dispose of elsewhere. The limit is no longer determined by her domestic consumption but by her ability to sell her goods in foreign markets. Take, therefore, America's trade returns with Asia. The raw materials furnishing countries, like Malaya and India as well as China have favorable balance with the United States. On the contrary, America's favorable balance with Japan within the last few years is increasingly large and important. The figures for the years 1935-6-7 are most significant. Whereas America's favorable trade balance with Japan during the three-year period amounted to \$178,122,000, the unfavorable balance with China came to \$103,379,000 as illustrated by the following chart.

U. S.—JAPAN TRADE,†

| U. S.          | 1921-25<br>(average) | 1926-30<br>(average) | 1931-35<br>(average) | 1933    | 1934    | 1935    | 1936    | 1937    | 1938    |
|----------------|----------------------|----------------------|----------------------|---------|---------|---------|---------|---------|---------|
| <b>EXPORTS</b> |                      |                      |                      |         |         |         |         |         |         |
| Japan .....    | 241,877              | 246,036              | 169,567              | 143,435 | 210,480 | 203,283 | 204,348 | 288,558 | 239,620 |
| Kwantung ..... | 6,735                | 7,531                | 2,836                | 2,691   | 3,938   | 4,188   | 3,542   | 16,068  | 17,005  |
| <b>IMPORTS</b> |                      |                      |                      |         |         |         |         |         |         |
| Japan .....    | 335,384              | 379,632              | 148,186              | 128,418 | 119,251 | 152,902 | 171,744 | 204,201 | 126,820 |
| Kwantung ..... | 2,739                | 3,362                | 2,073                | 1,347   | 1,577   | 5,312   | 3,988   | 3,708   |         |
| BALANCE .....  | -89,511              | -129,427             | +22,144              | +16,361 | +93,590 | +49,257 | +32,138 | +96,707 |         |

U. S.—CHINA TRADE,†

| U. S.          | 1921-25<br>(average) | 1925-30<br>(average) | 1931-35<br>(average) | 1933    | 1934    | 1935    | 1936    | 1937    | 1938   |
|----------------|----------------------|----------------------|----------------------|---------|---------|---------|---------|---------|--------|
| <b>EXPORTS</b> |                      |                      |                      |         |         |         |         |         |        |
| EXPORTS .....  | 104,175              | 109,021              | 62,571               | 51,942  | 68,667  | 38,153  | 46,819  | 49,703  | 34,749 |
| IMPORTS .....  | 142,035              | 140,506              | 47,775               | 37,807  | 43,933  | 64,200  | 74,232  | 103,622 |        |
| BALANCE .....  | -37,860              | -31,485              | +14,796              | +14,135 | +24,734 | -26,047 | -27,413 | -53,919 |        |

†Statistical Abstract of the U. S., 1938, p. 474.

+ Denotes a favorable balance of trade for the United States.

— Denotes an unfavorable balance of trade for the United States.

#### IV. GEOGRAPHICAL DISTRIBUTION OF JAPANESE TRADE

##### A. Japanese Trade by Leading Ports.

Turning our attention to the geographical distribution of American-Japanese trade, it will be noted that New York still occupies the first place in importance especially in its import trade with Japan suggesting the heritage of the old frigate days, although the present route is through the Pacific ports or via the Panama Canal. However, it is to be remembered that in 1938, Los Angeles came to take first place, so far as export to Japan was concerned, with its \$60,548,000 as against New York's \$59,080,000. Yet, no customs district in the United States is as important to Japan as New York which covers many mill towns of New England and New Jersey where the bulk of Japan's raw silk finds its final destination.

Even other ports of the Atlantic, as well as the Gulf Coast ports, fare largely in their export and import trade with Japan. The southern customs districts such as New Orleans, Galveston, Mobile and Maryland also report a surprisingly large share in Japan trade; Galveston in particular owes its prominence largely to her cotton export to Japan. On the Pacific Coast, Los Angeles, San Francisco, Seattle and Portland come in order of importance in this trade to which we shall presently come. A bird's eye view covering the period of 1935, 1936, 1937, and 1938 of Japanese trade according to principal customs districts is as follows:



JAPANESE-AMERICAN TRADE BY LEADING PORTS\*

|                        | (in thousands of dollars) |               |               |               | Ranking<br>According to<br>1938 Exports |
|------------------------|---------------------------|---------------|---------------|---------------|---|
|                        | 1935                      | 1936          | 1937          | 1938**        |   |
|                        | Total Exports             | Total Exports | Total Exports | Total Exports |   |
|                        | to Japan                  | to Japan      | to Japan      | to Japan      |   |
| New York               | 790,336                   | 872,314       | 1,234,432     | 1,126,264     | 2                                       |
| Philadelphia           | 61,756                    | 64,757        | 92,464        | 88,078        |   |
| Maryland               | 35,841                    | 45,071        | 106,695       | 81,810        |   |
| Virginia               | 122,579                   | 135,646       | 137,701       | 156,467       |   |
| Florida                | 36,466                    | 39,357        | 44,021        | 33,987        |   |
| Mobile                 | 30,877                    | 32,807        | 47,084        | 35,611        |   |
| New Orleans            | 161,934                   | 167,402       | 217,480       | 196,737       |   |
| Galveston              | 249,779                   | 251,970       | 274,377       | 276,287       | 3                                       |
| San Antonio            | 46,118                    | 44,281        | 84,189        | 69,657        |   |
| Los Angeles            | 98,393                    | 91,989        | 137,094       | 147,103       | 1                                       |
| San Francisco          | 108,393                   | 98,560        | 137,097       | 135,120       | 4                                       |
| Seattle                | 49,539                    | 61,990        | 92,561        | 69,085        | 5                                       |
| Portland               | 17,521                    | 16,393        | 27,038        | 29,071        |   |
| Total including others | 2,282,874                 | 2,455,978     | 3,349,167     | 3,094,094     |   |
|                        | (9%)                      | (8.3%)        | (9%)          | (8.3%)        |   |

\*Foreign Commerce & Navigation of the U.S. Calendar years 1935, 1936, and 1937.

\*\*Furnished by the Bureau of Foreign and Domestic Commerce, Dept. of Commerce, Washington, D. C.

JAPANESE-AMERICAN TRADE BY LEADING PORTS\*

|               | (in thousands of dollars) |               |               |               | Ranking<br>According to<br>1938 Imports |
|---------------|---------------------------|---------------|---------------|---------------|---|
|               | 1935                      | 1936          | 1937          | 1938**        |   |
|               | Total Imports             | Total Imports | Total Imports | Total Imports |   |
|               | from Japan                | from Japan    | from Japan    | from Japan    |   |
| New York      | 1,033,125                 | 1,197,024     | 1,479,810     | 983,560       | 1                                       |
| Philadelphia  | 119,742                   | 158,774       | 190,894       | 108,470       |   |
| Maryland      | 54,867                    | 71,728        | 99,290        | 65,980        | 5                                       |
| Virginia      | 29,201                    | 29,802        | 37,176        | 32,107        |   |
| Florida       | 14,171                    | 19,006        | 22,049        | 19,863        |   |
| Mobile        | 6,392                     | 7,054         | 12,901        | 7,803         |   |
| New Orleans   | 105,663                   | 109,814       | 144,217       | 104,689       |   |
| Galveston     | 25,097                    | 24,302        | 32,653        | 25,626        |   |
| San Antonio   | 6,105                     | 4,502         | 6,091         | 5,584         | 2                                       |
| Los Angeles   | 48,254                    | 64,827        | 80,457        | 44,074        | 4                                       |
| San Francisco | 71,669                    | 71,065        | 87,751        | 57,895        | 3                                       |
| Seattle       | 33,777                    | 37,254        | 39,805        | 29,256        | 2                                       |
| Portland      | 8,325                     | 8,639         | 10,790        | 7,508         |   |
| others        | 2,038,905                 | 2,423,977     | 3,009,852     | 1,949,759     |   |
|               | (7.6%)                    | (7.1%)        | (6.6%)        | (7.1%)        |   |

\*Foreign Commerce & Navigation of the U.S. Calendar years 1935, 1936, and 1937.

\*\*Furnished by the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C.



## B. Pacific Ports in General

Three-quarters of a century ago William H. Seward, illustrious Secretary of State, spoke prophetically when he said: "The Pacific with its shores, islands and vast regions beyond will become the world's greatest hereafter." No one will deny the growing importance of the Pacific coast ports whose exports as well as imports have just about doubled between 1933-1937 in spite of the unusual conditions that characterize the world. There is not one customs district facing the Pacific that has not gained, gained considerably, both in import and export within the same period. We can point with justifiable pride and satisfaction that Japan figures largely in this glowing picture presented above.

### EXPORTS INCLUDING RE-EXPORTS AND IMPORTS OF MERCHANDISE BY CUSTOMS DISTRICTS\*

(of the Pacific Coast)  
(Values in \$1,000)

| Customs District              | 1933**  | 1934    | 1935    | 1936    | 1937    |
|-------------------------------|---------|---------|---------|---------|---------|
| Pacific Coast Dist.....Exp.   | 197,666 | 259,414 | 280,079 | 275,383 | 403,931 |
| Pacific Coast Dist.....Imp.   | 121,083 | 122,805 | 170,219 | 191,788 | 232,313 |
| Washington (Seattle).....Exp. | 37,326  | 53,740  | 49,539  | 61,990  | 92,561  |
| Washington (Seattle).....Imp. | 28,302  | 23,367  | 33,777  | 37,254  | 39,805  |
| Oregon (Portland).....Exp.    | 14,738  | 22,297  | 17,521  | 16,393  | 27,038  |
| Oregon (Portland).....Imp.    | 4,892   | 4,812   | 8,325   | 8,639   | 10,790  |
| San Francisco (S.F.).....Exp. | 84,512  | 91,686  | 108,393 | 98,560  | 137,097 |
| San Francisco (S.F.).....Imp. | 55,514  | 54,976  | 71,669  | 71,065  | 87,751  |
| Los Angeles (L.A.).....Exp.   | 58,111  | 86,261  | 98,393  | 91,989  | 137,094 |
| Los Angeles (L.A.).....Imp.   | 25,814  | 31,837  | 48,254  | 64,827  | 80,457  |
| San Diego.....Exp.            | 2,137   | 3,792   | 4,632   | 4,359   | 7,638   |
| San Diego.....Imp.            | 1,197   | 1,781   | 2,312   | 3,038   | 3,613   |
| Alaska (Juneau).....Exp.      | 166     | 323     | 262     | 452     | 400     |
| Alaska (Juneau).....Imp.      | 131     | 271     | 254     | 265     | 223     |
| Hawaii (Honolulu).....Exp.    | 676     | 1,316   | 1,338   | 1,639   | 2,102   |
| Hawaii (Honolulu).....Imp.    | 5,233   | 5,761   | 5,628   | 6,700   | 9,673   |

\*Foreign Commerce and Navigation of the United States, 1937, p. 799.

\*\*Imports for the year 1933 are general imports. Years 1934-1937 are imports for consumption.

#### 1. The Case of Los Angeles.

Viewing the American-Japanese trade now from a rather limited viewpoint of each of the four customs districts of the Pacific Coast, we find that no port of the United States has made such remarkable strides as has the Customs District of Los Angeles. Says Mr. Clarence Matson, Manager of the Foreign Trade Division of the Los Angeles Chamber of Commerce, "No port of the United States is as greatly affected by the abrogation of the Treaty of Commerce and Navigation between the United States and Japan as is Southern California, for the reason that our (Los Angeles) trade with Japan is so much more important than with any other country that it overshadows all other

international trade considerations from an economic standpoint. In fact last year our exports to Japan were greater than the combined exports to our next seven largest customers, England, Philippine Islands, Russia, Australia, Canada, Dutch West Indies, and Chile.

"Here are the figures showing exports from Los Angeles-Long Beach Harbor to our eight most important customers in 1938:

|                              |              |
|------------------------------|--------------|
| England .....                | \$16,995,037 |
| Philippine Islands .....     | 7,242,196    |
| U.S.S.R. ....                | 5,476,850    |
| Australia .....              | 4,322,081    |
| Dutch West Indies.....       | 3,924,374    |
| Canada (by water only) ..... | 3,802,867    |
| Chile .....                  | 3,368,487    |

Japan.....\$45,356,499

\$45,131,892

### LOS ANGELES PRINCIPAL COMMODITIES EXPORTED TO JAPAN 1938

| Commodity                                | Quantity<br>(unit 1,000 lbs.) | Value<br>(in \$1,000) | Compared<br>with 1937* |
|--|-------------------------------|-----------------------|------------------------|
| Total .....                              |                               | 45,356,499            |                        |
| 1. Petroleum and products.....           | 3,973,789                     | 17,585                | +1,807                 |
| 2. Cotton .....                          | 127,568                       | 13,401                | -4,901                 |
| 3. Aeroplanes—parts and accessories..... | 755                           | 4,823                 | +4,000                 |
| 4. Copper and manufactures.....          | 46,091                        | 4,674                 | +2,987                 |
| 5. Iron, copper and manufactures.....    | 361,152                       | 2,881                 | +331                   |
| 6. Fertilizer .....                      | 55,698                        | 978                   | -873                   |
| 7. Machinery .....                       | 913                           | 437                   | +158                   |
| 8. Borax .....                           | 13,665                        | 245                   | -208                   |
| 9. Leather and hides .....               | 1,336                         | 141                   | +88                    |
| 10. Industrial chemicals .....           | 1,878                         | 112                   | -32                    |

### LOS ANGELES PRINCIPAL COMMODITIES IMPORTED FROM JAPAN\* 1938

| Commodity                         | Quantity<br>(unit 1,000 lbs.) | Value<br>(in \$1,000) | Compared<br>with 1937* |
|-----------------------------------|-------------------------------|-----------------------|------------------------|
| Total .....                       |                               | 4,709,000             |                        |
| 1. Silk (raw) .....               | 935                           | 1,584                 | -835                   |
| 2. Fresh fish .....               | 7,280                         | 519                   | -326                   |
| 3. Edible vegetable oils.....     | 8,630                         | 374                   | -836                   |
| 4. Pottery .....                  | 2,918                         | 255                   | -148                   |
| 5. Canned fish .....              | 619                           | 173                   | -61                    |
| 6. Waste cotton .....             | 2,178                         | 124                   | -150                   |
| 7. Industrial chemicals .....     | 220                           | 116                   | -29                    |
| 8. Vegetable oils-expressed ..... | 2,370                         | 107                   | -3                     |

According to the latest statistics of Los Angeles exports to Japan two items are particularly conspicuous. Ever since the westward shift of the home of that greatest farm product of the South reached the fertile and dry valleys of California, namely cotton, it took the pre-

\*+ Denotes increase; — decrease.

mier position among the Los Angeles export commodities; and by far the largest part of it goes annually to Japan.

#### SOUTHERN CALIFORNIA EXPORTS OF COTTON\*

|           | To Japan      | To all countries | Japan's % of total |
|-----------|---------------|------------------|--------------------|
| 1935..... | Not available | \$21,468,955     |                    |
| 1936..... | \$10,223,760  | 16,120,598       | 63%                |
| 1937..... | 18,753,450    | 29,017,930       | 65%                |
| 1938..... | 13,401,330    | 22,605,994       | 59%                |

\*By Clarence Matson, Manager of the Foreign Trade Division of the Los Angeles Chamber of Commerce.

When California oil became accessible to Japan, who sorely needs the commodity, it greatly enhanced the Los Angeles export trade. In 1938, for instance, she took \$17,080,350 of petroleum products, which is equivalent to the combined takings of the six next great importers of this commodity, from Los Angeles alone.

#### SOUTHERN CALIFORNIA EXPORTS OF PETROLEUM PRODUCTS—1938

|                        |              |
|------------------------|--------------|
| England .....          | \$4,321,268  |
| Dutch West Indies..... | 3,318,120    |
| Chile .....            | 3,037,890    |
| Canada .....           | 2,994,510    |
| U.S.S.R. ....          | 2,891,200    |
| Japan.....             | \$17,080,350 |
|                        | \$16,562,988 |

In 1938, Japanese trade through the port of Los Angeles amounted to 2,300,000 tons, being about 38% of the total volume of the city's foreign trade, while in value it amounted to approximately \$50,000,000 representing about 29% of the total. However, of this amount it is to be noted that the exports to Japan were \$45,356,499, while the imports from Japan were only about \$4,769,000. Mr. Matson put the situation in this language: "For every dollar that Los Angeles sends to Japan, we get back ten dollars in return."

It is true that in 1936 Los Angeles' purchases from Japan came to almost \$20,000,000, or as much as 30% of the total import through that city. There must be several factors for this shrinkage concerning which our members are familiar. Japan too might import still larger amounts of American commodities, particularly raw materials, as exemplified by her larger imports in other years. But the operation of the rules of international trade there is no different from that in any other portion of the globe. Japan buys only with the credit she obtains from the sales of her merchandise. One-way traffic cannot be expected to go on forever. Japan will be forced to stop buying from Southern California unless Southern California or other regions of the United States take more of Japanese goods.

## 2. The Case of San Francisco.

Coming now to our port of San Francisco and dealing with the figures more directly concerned with us of Northern California we find them no less impressive and significant. As will be seen in the chart following, 16.5% in 1937 and 17.6% in 1938 represent Japan's purchases of the total exports of the port of San Francisco. It is too well known here that every fifth or sixth box or sack that California's overseas shipper or stevedore handles finds its destination in the Island Empire. Again it is our common knowledge that for every dollar's purchase from Japan through the port of San Francisco, Japan bought from this port \$2.80 in 1937, and \$4.42 in 1938.

#### TRADE THROUGH PORT OF SAN FRANCISCO

|                          | Total Exports | Exports to Japan   | Japan's % of Total |
|--------------------------|---------------|--------------------|--------------------|
| 1937 .....               | \$136,251,351 | \$22,536,193       | 16.5%              |
| 1938 .....               | 134,639,992   | 23,690,400         | 17.6%              |
| 1939 (Jan.-June 30)..... | 53,410,188    | 9,723,316          | 14.0%              |
|                          | Total Imports | Imports from Japan | Japan's % of Total |
| 1937 .....               | \$ 87,751,413 | \$ 8,060,200       | 9.2%               |
| 1938 .....               | 57,888,023    | 5,355,207          | 9.3%               |
| 1939 (Jan.-June 30)..... | 31,411,671    | 2,949,761          | 9.2%               |

San Francisco's exports to Japan, as will be seen in the list following, are composed almost altogether of raw materials or materials necessary in manufacturing that knows no limit in demands in such a growing industrial nation as Japan. The actual limits are set only by her considerations of balancing her trade or controlling exchange. Although no data is now available, California may look forward to regaining her important position in furnishing China, through San Francisco, with her unrivaled fruits and canned goods as well as other products, especially motor vehicles, which are much in need along China's coast cities; and whose requirements are greatly influenced by their contact with the West.

Indeed, according to the latest economic report from Japan, the whole East is, or soon will be, ready to buy what American resources and industry have to offer, while San Francisco's natural geographical advantages and improved harbor facilities are waiting for opportunities of service in enriching one another by fair and even exchange.

#### EXPORTS TO JAPAN\* THROUGH PORT OF SAN FRANCISCO

(Only major commodities listed)  
(Ton 2,000 lbs.)

| Commodity      | 1937    | 1938    |
|----------------|---------|---------|
| BULK OIL       |         |         |
| Crude .....    | 424,832 | 744,127 |
| Gasoline ..... | 13,861  | 36,532  |
| Fuel .....     | 222,394 | 385,714 |



| Commodity                             | 1937    | 1938      |
|---------------------------------------|---------|-----------|
| Iron and steel (semi-mfg. scrap)..... | 53,463  | 39,192    |
| Cotton, raw .....                     | 27,034  | 30,398    |
| Lead .....                            | 7,586   | 28,904    |
| Iron ore .....                        |         | 26,707    |
| Oil, lubricating and grease.....      | 17,235  | 11,271    |
| Gasoline, in containers .....         | 4,630   | 7,500     |
| Salt .....                            | 4,659   | 5,648     |
| Hides .....                           | 2,263   | 2,890     |
| Fertilizers .....                     |         | 2,296     |
| Drugs and chemicals.....              | 2,362   | 1,202     |
| Rubber, and manuf. and others.....    | 845     | 1,003     |
|                                       | 910,413 | 1,328,839 |

\*Foreign Trade of San Francisco Customs District, 1938.

Values not available by items.

**EXPORTS TO JAPAN  
THROUGH PORT OF SAN FRANCISCO**  
Jan. 1, 1939—June 30, 1939

| Commodity  | Total Tonnage | Total Value  |
|--|---------------|--------------|
| Petroleum and Products.....  | 235,022       | \$4,510,449  |
| Cotton — Raw.....  | 11,402        | 2,377,048    |
| Iron and steel .....   | 24,972        | 533,023      |
| Non-ferrous lead .....   | 17,715        | 1,107,766    |
| Machinery and parts.....   | 582           | 501,380      |
| Automobiles and accessories.....                                     | 39            | 28,957       |
| Hides and skins.....   | 1,330         | 248,387      |
| Rubber scraps .....  | 387           | 24,583       |
| Pencil slats .....   | 167           | 23,062       |
| Salt .....   | 16,061        | 39,923       |
| Drugs and chemicals.....   | 206           | 35,153       |
| Paints and pigments.....   | 158           | 17,988       |
| Miscellaneous .....  | 1,479         | 277,386      |
| Total .....  | 682,345       | \$9,723,316  |
| Rough estimate for the year, doubling<br>above 1/2-year figures..... | 1,362,790     | \$19,446,632 |

**IMPORTS FROM JAPAN  
THROUGH PORT OF SAN FRANCISCO**  
Jan. 1, 1939—June 30, 1939

|   | Total Tonnage | Total Value |
|---|---------------|-------------|
| Canned crab, fish and other marine products .....                   | 739           | \$ 333,352  |
| Furs and leather, manufactured.....                                 | 93            | 39,337      |
| Canned vegetables, fruit and other<br>food preparations .....       | 1,330         | 149,190     |
| Tea .....   | 420           | 105,619     |
| Vegetable oils, roots, herbs and spices.....                        | 732           | 120,816     |
| Silk — Raw .....  | 335           | 1,424,959   |
| Silk — Manufactured .....   | 22            | 95,055      |
| Cotton mfg., cotton rugs, matting,<br>and synthetic textiles.....   | 961           | 166,711     |
| Wood and papers.....  | 5,751         | 142,062     |
| China, earthenware and glass, glassware.....                        | 1,013         | 177,645     |
| Drugs and chemicals.....  | 208           | 37,527      |
| Miscellaneous.....  | 1,709         | 157,488     |
| Total.....  | 13,304        | \$2,949,761 |
| Rough estimate for the year,<br>doubling above 1/2-year figure..... | 26,608        | \$5,899,522 |

### 3. The Case of Seattle.

Seattle presents a most complete view of the complementary character in her trade with Japan. Aside from the gold bullion shipped from Japan, the trade is fairly well-balanced. There is not one item on her import column which suggests any possible competition with the articles on the export side. Indeed, there is not a single article that appears on the export column which industrialized Japan does not need in increasing quantity. However, this even balance has not always been the case. For many years her lumber and wheat were profitably exported to Japan, and they are bound to regain their old importance, or gain an added importance, when reconstruction begins in earnest in China and new building activities, long suspended, are resumed in Japan. On the other hand, situated as she is at the nearest point to the Orient, Seattle can yet remain as the shipping and re-shipping point of the Orient's raw silk, the "cream of the cargoes of the Pacific."

**TOTAL TRADE OF SEATTLE WITH JAPAN**

(1938)

| Exports to Japan      | Imports from Japan       |
|-----------------------|--------------------------|
| Hides .....           | Gold bullion .....       |
| Machineries .....     | Raw silk .....           |
| Metal scraps .....    | Pottery .....            |
| Molybdenum .....      | Toys and novelties.....  |
| Lumber .....          | Tea .....                |
| Copper .....          | Bulbs .....              |
| Diesel oil .....      | Creosote .....           |
| Ball-bearing .....    | Copper ore .....         |
| Scrapped rubber ..... | Foods .....              |
| Hardware .....        | Pyrethrum .....          |
| Airplane parts .....  | Clothing .....           |
| Auto parts .....      | Canned crab .....        |
| Axles .....           | Silk articles .....      |
| Film .....            | Tangerines .....         |
|                       | Baskets .....            |
|                       | Rags .....               |
|                       | Rugs and carpets.....    |
|                       | Bamboo and articles..... |
|                       | Mattings .....           |
|                       | Paper and manuf.....     |
| Total.....            | Total.....               |

### 4. The Case of Portland.

What has been stated regarding Seattle applies also to Portland to a certain degree. That city has essentially been a lumber exporting port. Until 1937 Japan's importance there was next to none, when she vied with the United Kingdom for the first place among importing countries. Since then Japanese purchases have fallen markedly. In the near future, as we have already stated, Japan as well as China will



need Oregon's lumber. But it is to be paid for, for sometime to come, only by the credit resulting from Oregon's purchases from Japan or by those of other ports from the same source.

While we do not question the sincere motives of those who hold the "boycott" to be an instrument for settling international disputes, those who agitated against the shipping of scrap iron from the Port of Astoria to Japan, for instance, evidently did not realize that such an action is exactly like throwing a boomerang, even considered purely from an economic standpoint. They have been, whether in Astoria or elsewhere, unknowingly, indeed blindly, endeavoring to kill the goose that lays the golden egg for Portland or any other American community.

#### PORTLAND'S TRADE WITH JAPAN\*

(1938)

##### IMPORTS

|                              |        |                          |           |
|------------------------------|--------|--------------------------|-----------|
| Agar .....                   | \$ 570 | Meals—Linseed cake.....  | 31,319    |
| Antimonyware .....           | 118    | Peanut cake.....         | 3,613     |
| Bamboo goods .....           | 3,074  | Sardine .....            | 7,850     |
| Bambon poles .....           | 705    | Paper manuf. ....        | 690       |
| Basketware .....             | 7,370  | Paper transparents ..... | 453       |
| Books .....                  | 388    | Paper walls .....        | 360       |
| Carpet and rugs.....         | 3,612  | Rags, wiping .....       | 34,594    |
| Celluloid goods .....        | 87     | Rice .....               | 491       |
| Curios .....                 | 464    | Rubber goods .....       | 84        |
| Drugs .....                  | 89     | Sake .....               | 3,940     |
| Earthenware & porcelain..... | 38,745 | Seeds, n.o.s. ....       | 5         |
| Electrical goods .....       | 78     | Hemp .....               | 989       |
| Fish, canned .....           | 2,862  | Rape .....               | 498       |
| Fishing tackle .....         | 3,146  | Sesame oil .....         | 10        |
| Foodstuff, n.o.s. ....       | 13,516 | Slippers .....           | 60        |
| Beans .....                  | 482    | Soap .....               | 34        |
| Clams .....                  | 190    | Straw rugs .....         | 2,455     |
| Crab meat .....              | 24,795 | Tea .....                | 2,890     |
| Mushrooms .....              | 144    | Textile .....            | 4,590     |
| Orange, canned .....         | 3,665  | Thermos bottle .....     | 270       |
| Pineapple, canned .....      | 349    | Toys .....               | 17,841    |
| Tuna, canned .....           | 330    | Wine .....               | 35        |
| Glassware .....              | 1,380  | Wire rope .....          | 985       |
| Hardwood .....               | 640    | Wooden ware .....        | 542       |
| Iron and steel mfgs.....     | 623    | Miscellaneous .....      | 3,306     |
| Isinglass .....              | 113    |                          |           |
| Lacquerware .....            | 448    |                          |           |
| Lily bulbs .....             | 700    |                          |           |
|                              |        | Total.....               | \$226,301 |

##### EXPORTS

|                           |         |                     |             |
|---------------------------|---------|---------------------|-------------|
| Cascara bark .....        | \$ 162  | Metal scrap .....   | 1,183,188   |
| Cattle hoofs .....        | 750     | Rubber scrap .....  | 4,876       |
| Hide .....                | 15,696  | Seeds .....         | 2,073       |
| Household goods .....     | 874     | Wood pulp .....     | 15,680      |
| Iron and steel products.. | 1,488   | Wood mfgs. ....     | 5           |
| Logs (2188 Mft).....      | 99,551  | Miscellaneous ..... | 2,514       |
| Lumbers .....             | 206,685 | Total.....          | \$1,532,641 |

\*Compiled from the Merchants Exchange Bulletin of Portland, Oregon.

#### PORT OF PORTLAND PORTLAND AND ITS TRADE WITH THE WORLD\*

##### EXPORTS

| Countries                    | 1937        | 1938         |
|------------------------------|-------------|--------------|
| United Kingdom .....         | \$5,703,080 | \$ 7,717,280 |
| France .....                 | 1,178,639   | 985,886      |
| Belgium .....                | 842,219     | 2,093,830    |
| Germany .....                | 567,474     | 304,323      |
| Norway .....                 | 58,068      | 2,600,053    |
| Sweden .....                 | 366,457     | 303,892      |
| Denmark .....                | 45,421      | 303,348      |
| Portugal .....               | 3,176       | 237,512      |
| Egypt .....                  | 179,081     | 164,654      |
| Italy .....                  | 467,448     | 433,159      |
| Palestine .....              | 96,333      | 139,415      |
| Brazil .....                 | 68,130      | 119,473      |
| Panama .....                 | 87,833      | 121,818      |
| Mexico .....                 | 120         | 503,627      |
| Japan .....                  | 5,629,165   | 1,532,641    |
| China .....                  | 1,789,367   | 669,573      |
| Philippine Islands .....     | 1,447,754   | 1,627,072    |
| Netherland East Indies ..... | 53,099      | 118,086      |
| India .....                  | 77,936      | 138,718      |
| Africa .....                 |             | 314,317      |
| Cuba .....                   | 51,554      | 184,667      |
| Total including others.....  |             | \$21,409,418 |

##### IMPORTS

| Countries                    | 1937        | 1938        |
|------------------------------|-------------|-------------|
| United Kingdom .....         | \$5,703,080 | \$620,180   |
| France .....                 | 1,178,639   | 153,731     |
| Belgium .....                | 842,219     | 239,975     |
| Germany .....                | 567,474     | 439,291     |
| Holland .....                |             | 105,740     |
| Norway .....                 | 58,068      | 133,068     |
| Brazil .....                 | 68,130      | 701,031     |
| Argentina .....              | 734,914     | 279,662     |
| Nicaragua .....              | 15,974      | 111,536     |
| Japan .....                  | 581,814     | 226,301     |
| Philippine Islands .....     | 2,984,249   | 2,984,084   |
| Netherland East Indies ..... | 53,099      | 172,494     |
| India .....                  | 77,936      | 2,034,874   |
| Total including others.....  |             | \$9,454,505 |

\*Based on Merchants Exchange Bulletin of Portland, 1938.

#### V. THAT BOYCOTT AND EMBARGO BOOMERANG

We have noted in our brief survey that while Japan's purchases from the United States still far exceed those of the United States from Japan, it is not reassuring that even these American exports are not subject to the general rules of economic laws that imports are paid for by exports. In an effort to balance payments Japan is controlling her purchases abroad to the amount of her exports.

In these days of nationalistic economy and reciprocal trade, the healthiest commerce, we are sure our members agree, is where there

exists even exchange and traffic. We may also be somewhat misled if we proceed on the assumption that the United States enjoys the monopolistic "control" of the essential needs of the world's important industries, even though no one disputes the tremendously rich and diversified resources of this country.

#### A. *The Case of Silk*

Take one item, raw silk, which constitutes about 50% of the total export from Japan to the United States. Suppose we borrow trouble, and suppose that there happened to be a stoppage of trade in this article, although such a thing is unimaginable. There is no denying the fact that the Japanese people will experience considerable hardships thereby. But we must not overlook another picture to match it on this side of the Pacific, though perhaps not on such an extensive scale.

In 1937 this country bought \$90,000,000 worth of Japanese raw silk. According to a statement of the Joint Council to Combat the Boycott Against Silk, including the representatives of the American Federation of Labor, the Congress of Industrial Organizations, and employing interests, America's factories converted this Japanese silk into finished goods with a retail sales value of approximately \$580,000,000. These industries employ more than a quarter of a million American workers with the American scale of wages, and give indirect employment to perhaps a quarter million more engaged in transportation, distribution, merchandising. And if we include dress making, and related industries, it will become the question for one million American bread winners. We wonder if those who speak carelessly of boycotting Japanese silk realize that they are boycotting half a million or one million American workers who have nothing to do with controversies in the Orient, but who would augment their already staggering number of unemployed.

One other factor that must be taken into consideration is that only the United States has the full fashioned machinery needed for large scale manufacture of fine silk hosiery. As Japan would find it hard to place her corresponding silk elsewhere in the world's market, so will the United States' vast investment, conservatively estimated at \$200,000,000, have to remain idle should this raw material stop flowing into this country. But the worst of all is that the stoppage will dry up Japan's credit with which she pays for her much needed American cotton.

#### B. *The Case of Cotton.*

As has already casually been touched upon, Japan has developed to

be the greatest cotton consuming country in the world next only to the United States. She consumes approximately  $3\frac{1}{2}$  to 4 million bales a year. Close to one-half of the supply of this raw material is furnished by the United States. Another noteworthy fact is that while Japanese takings of this American product have been practically stationary, Arizona and California, including the hinterland of San Francisco, have been replacing the Southern sources of this supply to Japan. Unfortunately, the latest tendency is toward a slight decrease of exports of this commodity to Japan due partly to keen competition from other parts of the world in the face of the high price of artificially supported American cotton and partly due to rigid exchange control in Japan.

From 1931 to 1935, on average, 54% of Japan's cotton came from the United States. In 1936, the proportion was 39% and in 1938, only 34%. As a matter of fact, Japan prefers to secure American cotton with long fiber, if things are favorable or at least not unfavorable to her. We are, however, unable to bring ourselves to believe that America has a monopoly on cotton. India, Egypt, recently Brazil, Peru and North China have their quota of excess cotton waiting for Japanese consumption.

JAPAN'S COTTON IMPORTS BY CHIEF COUNTRIES OF ORIGIN\*  
(in thousands of bales)

| Country               | 1931-35 Average | 1936           | 1938         |
|-----------------------|-----------------|----------------|--------------|
| United States .....   | 1,887<br>(54%)  | 1,641<br>(39%) | 899<br>(34%) |
| India .....           | 1,247           | 1,862          | 857          |
| China .....           | 142             | 128            | 396          |
| Egypt .....           | 110             | 123            | 112          |
| Brazil .....          | 4               | 196**          | 277          |
| Other countries ..... | 48              | 250            | 331          |
| Total.....            | 3,438           | 4,200          | 2,595        |

\*Department of Commerce, *Textile Raw Materials*, Vol. 1 (N.S.) Nos. 18 and 19, May 8 and 15, 1939.

\*\*Estimated.

#### C. *The Case of Oil and Other Commodities.*

There are some who say that America can get along without some of the things she is importing from Japan and this may be true, but we are not certain that under certain circumstances neither Japan will have to buy other essential raw materials from America, and America alone. It is a well-known fact that Japan's recent oil takings from these shores have gone up by leaps and bounds until today, they have come up to \$49,659,000 worth of petroleum, gasoline, and lubricant, the largest part of which was supplied by California oil interests.



According to the latest available data, California produces about 250,000,000 barrels of oil and of this perhaps one-eighth has been going to Japan. Because the California producers are geared to a high rate of production, their efficiency would be impaired by any sharp decline in sales. Should this trade be cut off, it is claimed that the West Coast producers would be rather hard hit. Nor would it be easy to switch at once to other markets, certainly without reducing the price. We are reminded in this connection that the wells of the Gulf of Persia or Dutch East Indies, and even of Saghalien, not to mention those of Mexico are eagerly waiting for their markets.

Perhaps the next item of importance comes under the heading of iron, steel, and other metals. Japan has long been seeking to develop the sources of these supplies, and we are informed that in the next two or three years, not only in her coal supplies, but in these metal requirements, she may become almost self-sufficient. In the meantime, besides the United States, Australia from its Yampi Sound, British Malaya, and French Indo-China are supplying and can supply Japan's needs.

#### D. *Pulling Chestnuts Out of the Fire for America's Competitors?*

It is hoped that no one will consider that we are accusing any other nation of trying to use this country to pull their chestnuts out of the fires in the Far East. But the peculiar coincidence is that Japan and the Dutch East Indies signed trade agreements not long ago. Only a short while ago, France and Japan agreed on a trade arrangement, the former acquiescing in a slight unfavorable balance of trade with Japan. Neither has Great Britain given any notice of the termination of the trade treaty which she made with Japan in 1911, in spite of her greater stake in China and immeasurably more occasions for friction with Japan. India and Japan will soon be negotiating for a new trade agreement. Needless to say that in affairs of the world, business sometimes plays dangerous politics, but it is even more dangerous when politics plays with international business.

### VI. INVISIBLE TRADE WITH JAPAN IMPORTANT

#### A. *Invisible Trade with Japan—Tourist Trade.*

So far we have touched merely upon certain phases of the economic significance of American-Japanese trade. Important as this visible trade is, the American-Japanese invisible trade is also by no means insignificant. Inasmuch as it is so extensive we will only casually refer to America's, or rather the Pacific Coast's, invisible export to Japan.

In 1938, 10,215 Japanese passengers arrived at the ports of Hono-

lulu, San Francisco, Los Angeles, and Seattle. As near as can be approximated the average time spent by these passengers in the United States was 60 days. It is conservatively estimated by hotelmen, merchants, sightseeing companies, etc., that the average expenditures of these passengers in the United States was at least \$25.00 per day or a total of \$15,322,500 from this tourist industry. This does not take into account those Japanese passengers who traveled to Japan via the Pacific Coast from Europe, South America and other points. From the same sources of information it is estimated that these Japanese tourists and visitors from Japan stay at least two weeks in California and spend for maintenance, sightseeing and incidentals a total of \$3,575,250 in 1938.

Japanese passengers from Europe, South America, the East Coast and other points in the United States going to Japan total approximately the same number as those coming from Japan to the United States. It is estimated that they stay not less than one week in California, prior to embarkation, and spend \$1,787,625. In other words, the total expenditure in California by Japanese passengers coming from Japan and going to Japan totals \$5,362,875 for 1938.

Moreover, on account of the danger or unsettled conditions in Europe the usual tourist trade for some time to come undoubtedly will be diverted to intra-national travels or trans-Pacific tours. It is estimated that annually approximately 300,000 Americans go abroad. Two-thirds of them go to Europe and the remainder to other parts of the globe. The traffic in the Pacific will no doubt be doubled or trebled, thus overshadowing all traffic of other oceans. As water seeks a lower level, so the traffic as well as trade is bound to seek the more congenial and peaceful waters of the Pacific.

#### B. *Invisible Trade with Japan—Ships-in-Port Expenditures.*

Another item is of no small importance. In 1938 a total of 779 calls were made by Japanese vessels at the Pacific Coast ports of San Francisco, Los Angeles, Seattle and Portland. We are reliably informed that each time a large Japanese liner docks here, for instance, it costs the company approximately \$20,000 for various expenses, without counting such permanent shore overhead of offices and warehouses. Including the less expensive freighter type of ships, the average expenses will approximate close to \$10,000 per call which brings the total disbursements of the Japanese vessels engaged in trade emanating from the Pacific coast alone, to \$8,000,000 per year. Roughly, therefore, America's invisible export to Japan through Japanese ships and passengers from the Pacific ports alone will come to \$30,000,000



a year without counting that represented by other shipping lines and passengers, and which is even more than the sum involved with Japanese nationals and their vessels.

There are other national ships and travellers who contribute their quota to trans-Pacific traffic and trade, and by which each is being benefited and enriched by complementing each other's wants and needs. Indeed such is the nature and purpose of international trade. It is often claimed that one of the greatest reasons for America's riches is not necessarily because of her vast natural resources; but it is because America is a single free trade area with practically no trade barriers within its vast confines. The Japanese Chamber of Commerce of San Francisco has never been the last organization to appreciate any liberalization of trade policy or removal of trade obstacles wherever it takes place.

## VII. OPEN DOOR POLICY

### A. General Observations.

America's Oriental policy is covered by the two words, "Open Door", the principle which also is no less a fixed policy of Japan, "though there may be a few slight departures from ordinary practices during the unfortunate Sino-Japanese conflict. But this is temporary." However, we can hardly expect the indefinite extension of "that semi-colonial politico-economic status imposed upon the backward countries by a concert of the strong."

With the awakening of the spirit of self-reliance that sweeps the world the open door doctrine is destined to evolve into equality of economic opportunities and treatment among nations. It will develop into rules for a regime of freer and more liberal international trade policy. Those who insist on the open door policy in the East or Africa often forget two important facts: that all parties at interest must be prepared to contribute their share of liberalism and sense of fairness and equality. In this connection even to this date we are not yet able to reconcile America's immigration discrimination against Europeans who can only enter within a certain limited quota, or against Orientals who are altogether prohibited, with the exception of certain limited classes; whereas there is no bar whatsoever against North or South Americans—all in the name of American solidarity.

Another point is that those who charge rightly or wrongly a third party, say Japan, Italy or Russia, as the case may be, of violating the open door policy, oftentimes forget that those parties are oftentimes much more important as sources of trade than the precious field cov-

ered by the open door policy itself. Take for instance the export trade of the United States to China and Japan. Setting aside the remote potentialities of these two countries, facts speak louder than words.

### U.S. TRADE WITH JAPAN AND CHINA

|           | China        | Japan*        |
|-----------|--------------|---------------|
| 1930..... | \$89,605,000 | \$164,570,000 |
| 1931..... | 97,923,000   | 155,715,000   |
| 1932..... | 56,171,000   | 134,921,000   |
| 1933..... | 51,942,000   | 143,435,000   |
| 1934..... | 68,667,000   | 210,480,000   |
| 1935..... | 38,153,000   | 203,283,000   |
| 1936..... | 46,819,000   | 204,348,000   |
| 1937..... | 49,703,000   | 288,558,000   |
| 1938..... | 34,749,000   | 239,620,000   |

\*Kwantung not included.

### B. The Case of China.

We admit that America and Japan as first and second important export as well as import countries respectively in 1937, reversed their positions in 1938. With the anti-Japanese regime driven out of the trade ports along the China Sea Japan would naturally resume her premier position and America the second. In interpreting the following returns for the Chinese maritime customs, it must be remembered that they cover the jurisdiction only of the so-called Provisional Government of Peking and the Reform Government of Nanking and other Japanese occupied areas. The imports into the areas controlled by Chiang Kai-Shek are not included in the tabulation. It is natural that while countries like America, Great Britain, and Germany may figure largely in both exports and imports there, it is expected that, so far as Japan is concerned, not one cent more would be added to the following returns.

Hence, when we take all China as a unit, America, Germany, as well as Great Britain, if we include Hongkong, will still be sharing largely in China's foreign trade. As Mr. Carol Lunt, publisher and editor of the China Digest, put it recently at the Foreign Trade Association luncheon of the San Francisco Chamber of Commerce, the proportion of American trade with China may not increase but her net share of trade in the rejuvenated and reconstructed China, largely through the efforts of Japan, will greatly be augmented.

### FOREIGN TRADE OF CHINA

| Imports                     | (in \$1,000,000) |        | 1938  |          |
|-----------------------------|------------------|--------|-------|----------|
|                             | 1937             |        | Value | Per Cent |
| Japan .....                 | 150              | 15.73  | 209   | 23.49    |
| America .....               | 188              | 19.75  | 151   | 16.93    |
| Germany .....               | 146              | 15.31  | 112   | 12.64    |
| Great Britain .....         | 111              | 11.68  | 70    | 7.90     |
| Hongkong .....              | 19               | 2.00   | 10    | 2.75     |
| Netherlands Indies .....    | 80               | 8.44   | 45    | 5.12     |
| Siam .....                  | 15               | 1.66   | 24    | 2.79     |
| Kwantung Province .....     | 9                | 1.00   | 37    | 4.19     |
| Total including others..... | 956              | 100.00 | 893   | 100.00   |

# FOREIGN TRADE OF CHINA—(Continued)

| Exports                      | 1937  |          | 1938  |          |
|------------------------------|-------|----------|-------|----------|
|                              | Value | Per Cent | Value | Per Cent |
| Japan .....                  | 84    | 10.05    | 116   | 15.26    |
| America .....                | 231   | 27.59    | 86    | 11.37    |
| Germany .....                | 72    | 8.64     | 56    | 7.39     |
| Great Britain .....          | 80    | 9.58     | 56    | 7.43     |
| Hongkong .....               | 162   | 19.42    | 243   | 31.87    |
| Netherlands Indies .....     | 6     | 0.74     | 6     | 0.87     |
| Siam .....                   | 4     | 0.49     | 6     | 0.79     |
| Kwantung Province .....      | 14    | 1.74     | 41    | 5.44     |
| Total including others ..... | 838   | 100.00   | 965   | 100.00   |

## C. The Case of Manchoukuo.

Irrespective of our likes or dislikes, whether we recognize it or not, Manchoukuo is putting its house in order under Japanese tutelage. As a result the total value of the foreign trade of that country, which was 1,060,000,000 yuan in 1930 the year before the Manchurian Incident, rose to 1,530,000,000 yuan in 1937. As for the import from various countries during the same period "they witnessed an increase of 35.3% for Great Britain, 98.9% for the United States, and 32.2% for France. Especially conspicuous was the increase in the importation of machinery, tools, vehicles, hardware and timber, the demand for which is expected further with the progress of the work of economic construction in Manchoukuo."

In Manchoukuo, as elsewhere, with peace and order, trade and investment have followed. So has immigration as exemplified by an annual influx of almost one million Chinese from Shantung and other parts of China proper in order to share, as well as contribute towards the prosperity of the newborn Empire.

## MANCHURIAN TRADE WITH PRINCIPAL COUNTRIES

(in \$1,000)

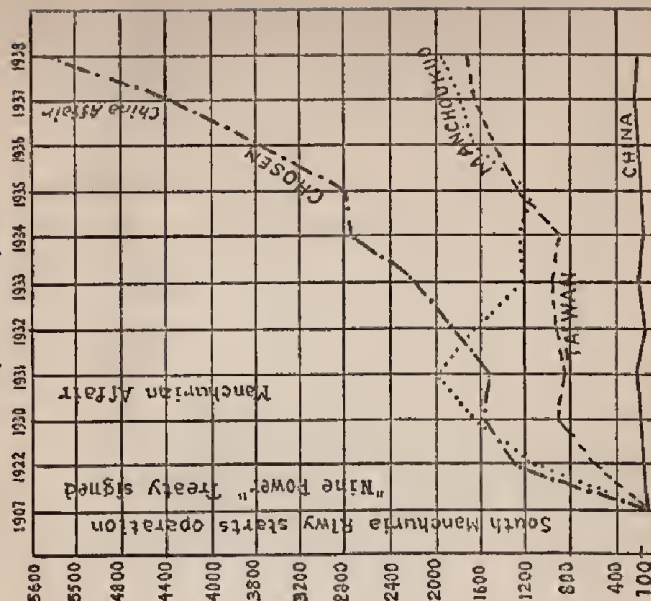
| Country of origin or destn. | General Imports |         |         |         | General Exports |        |        |        |
|-----------------------------|-----------------|---------|---------|---------|-----------------|--------|--------|--------|
|                             | 1934            | 1935    | 1936    | 1937    | 1934            | 1935   | 1936   | 1937   |
| Japan                       | 125,491         | 125,622 | 146,332 | 180,580 | 56,399          | 53,093 | 68,532 | 79,774 |
| China                       | 18,856          | 9,256   | 13,774  | 11,321  | 21,508          | 18,906 | 37,077 | 32,749 |
| Germany                     | 4,078           | 4,265   | 3,758   | 4,974   | 17,454          | 9,489  | 14,505 | 17,004 |
| Chosen                      | 8,285           | 6,494   | 7,909   | 11,240  | 15,196          | 9,769  | 13,976 | 12,789 |
| U. S.                       | 11,533          | 7,194   | 6,848   | 16,561  | 1,953           | 4,512  | 4,718  | 5,376  |

## D. Japan, a Middleman and Stabilizing Factor.

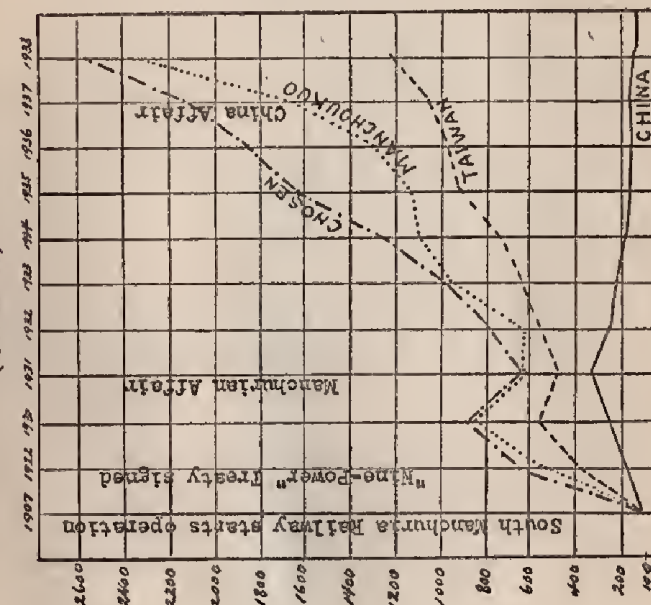
We have referred repeatedly to the fact that the importance of Japan lies largely as a manufacturing nation and a nation of middlemen, processing or finishing the raw materials imported from America for final consumption in other countries, particularly in China and Manchoukuo. Although the channel with China has not been so regularized, that with Manchoukuo more than proves this contention.

Not to be forgotten is the establishment of law and order which is so closely interwoven with the rise and fall of economic activities of a nation, on territory which all shall share directly or indirectly sooner or later.

## GROWTH OF EXPORTS FROM CHINA, MANCHOUKUO, TAIWAN AND CHosen\* (1907 as 100)



## GROWTH OF IMPORTS INTO CHINA, MANCHOUKUO, TAIWAN AND CHosen\* (1907 as 100)



\*"The Economic Strength of Japan," by Isoshi Asahi, facing p. 240.



## VII. CONCLUSION.

In conclusion we have discovered that:

1. Japan is the third best customer of the United States;  
She buys almost as much as all South American countries put together;  
Her purchases are more than half of the entire takings of Asia;
2. Our trade is complementary, in which raw materials are conspicuous;  
Which in turn permits the two peoples to work out profitably the division of labor; furthermore,  
Japanese trade has been favorable to the United States by \$178,122,000 between 1935-37.
3. Geographically Japanese trade is fairly well distributed though the Southern Pacific ports figure largely.  
Los Angeles and San Francisco naturally take large shares of the trade, though at present, in both cases the trade is one sided;  
Seattle and Portland may look forward to a much larger share of Japanese trade, particularly in lumber and other commodities, which in no way compete with Japanese goods.
4. "Boycott" or any other shrinkage in America's purchase from Japan sooner or later affects this country, for Japan too must pay for her imports by her exports;  
We are not sure that America has any monopoly on any vital commodities while there are others ready to offer Japan her needs.
5. Not to be ignored is the importance of the invisible trade with Japan, which involves close to \$30,000,000 a year, about \$20,000,000 in Japanese travellers' expenditures and about \$8,000,000 expended by Japanese ships alone.
6. With the return of peace in the Far East and establishment of order in China under Japanese tutelage there is bound to be an urgent call for more American commodities in Japan and China, especially in her seaboard communities, which are considerably Westernized.
7. Manchoukuo has already proven the truth of this contention by an accomplished fact.  
We shall watch with keen interest and much concern as to whether America's business, particularly of California, will heed the rules of business, or allow her "propagandized" sentiment to throw out a boomerang hurting herself as much as her third best

customer across the Pacific, force "the trade away from the channels of natural advantage," and "create new and more profound dislocations."\* In the meantime, the Japanese Chamber of Commerce feels that it is reflecting the sincere desire of its members when we say that we ardently hope,

That no unbusiness-like business will creep in to retard the peaceful development of the natural and profitable flow of goods between America and Japan;

That the prophesies and promises of two great American Secretaries of State, which are eagerly anticipated in Japan in a spirit of cooperation, will be fulfilled to the benefit of the peoples of the Pacific; and

That the present apparently unnatural atmosphere in the Pacific will soon be cleared by new arrangements replacing the old, which both America and Japan consider somewhat antiquated.

\*From the reported speech of Secretary Cordell Hull made at the National Trade Convention in New York on October 10 1939.



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